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FM AMEMBASSY BEIRUT
TO RUEHC/SECSTATE WASHDC 4455
INFO RUEHEE/ARAB LEAGUE COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RHEHAAA/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/USDOC WASHDC

UNCLAS SECTION 01 OF 02 BEIRUT 000303

SENSITIVE

SIPDIS

STATE FOR NEA/ELA
STATE PASS USTR FRANCESCKI
STATE PASS USAID BEVER/LAUDATO/SCOTT
TREASURY FOR PARODI/BLEIWEISS/CORREA
USDOC FOR 4520/ITA/MAC/ONE
NSC FOR MCDERMOTT

E.O. 12958: N/A

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SUBJECT: LEBANON: FRANCE TO PRESSURE LEBANON ON TELECOM
PRIVATIZATION BENCHMARK (ECONOMIC WEEK IN REVIEW, MARCH 9 - 15,
2009)

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FRANCE TO PRESSURE LEBANON ON
PRIVATIZATION BENCHMARK

¶1. (SBU) Frederic Kaplan, French Embassy economic officer, and Chris de Clercq, UNDP Program Manager at the Finance Ministry, told us separately that a French team will be in Beirut in May to review and assess Paris III reforms and apply pressure on the GOL to move forward on mobile telecom privatization. The 150 million euros the French are set to disburse upon completion of this benchmark is the second tranche of a 375 million euro French budgetary support pledge from at the Paris III donor conference.

NEWLY ESTABLISHED PHARMACEUTICAL RESEARCH
ASSOCIATION TO RAISE IPR AWARENESS

¶2. (SBU) On February 28, the Lebanese Pharmaceutical Research Association was officially established, after its application for incorporation was submitted to the Ministry of Interior in September ¶2007. Although the association is not a chapter of the Pharmaceutical Research and Manufacturers of America (PhRMA), its members will include all PhRMA members operating in Lebanon, and will reach out to other non-American research- based pharmaceutical companies in Lebanon.

¶3. (SBU) A source at Janssen-Cilag -- one of the association's founding members -- told us that the Ministry of Public Health (MOPH) was behind the delay in its official incorporation, since the MOPH's director general believed the association would promote commercial interests, rather than acting as a not-for-profit organization. One of the association's primary objectives will be to raise intellectual property rights (IPR) awareness.

MINISTER OF ECONOMY VISITS IRAQ TO

STRENGTHEN TRADE RELATIONS

14. (SBU) On March 8, Minister of Economy and Trade Mohammad Safadi visited Iraq with a delegation from the Lebanese private sector in response to an invitation by his Iraqi counterpart Abd Al-Falah Al-Sudani. Head of the international trade department at the Ministry of Economy and Trade (MOET) Rafif Berro told us discussions focused on strengthening bilateral economic ties and increasing the presence of Lebanese banks in Iraq. Both ministers agreed to revive the Joint Lebanese-Iraqi Ministerial Committee and the Lebanese-Iraqi Businessmen Council.

15. (SBU) Safadi called on Iraq to use Lebanese ports, especially the northern Tripoli Port, for transit trade to and from Iraq, as well as for the resumption of pumping Iraqi crude to the Tripoli refinery. Al-Sudani expressed interest in exchange of information on MOET's expertise in consumer protection, quality control, insurance, and WTO accession. Al-Sudani plans to visit Beirut in April.

BEIRUT STOCK EXCHANGE PLANS TO UPGRADE ITS SYSTEM,
TRADING CONTINUES TO BE WEAK

16. (SBU) On March 12, Dr. Fadi Khalaf, president of the Beirut Stock Exchange (BSE), told us he was pleased with meetings he had with the NYSE-Euronext president and senior managers in New York on March 2. Khalaf said he discussed the upgrading of the BSE system, for which the BSE has already approached the EU for funding.

17. (SBU) Khalaf, who was elected SYG of the Union of Arab Stock

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Markets (UASM) in January 2009, also discussed increased cooperation between the NYSE and the UASM, setting up of a specialized system for trading Islamic products, and participation of NYSE experts in the UASM conference on post-global crisis opportunities on April 15 in Morocco. Since he cannot be both BSE President and USAM SYG at the same time, Khalaf said the GOL has asked him to remain at the BSE until after the June parliamentary elections.

18. (SBU) On a separate issue, Khalaf said BSE trading will not be affected by the official opening of the Damascus Securities Exchange (DSE) on March 10, because of restrictions on trading activity by the latter. Out of six listed companies in the DSE, three are Syrian-Lebanese owned banks (Bank of Syria and Overseas, Bank Audi Syria, and Banque BEMO Saudi Fransi). Meanwhile, trading on the BSE continues to be weak in line with the performance of most of the international stock markets, Khalaf said, noting that the average daily trading is currently about \$500,000 compared to \$7-8 million in 2008.

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